



**BRITISH AMERICAN  
TOBACCO**  
MALAYSIA

**ANALYST BRIEFING**  
**QUARTER 4, 2012**  
26<sup>th</sup> February 2013



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MALAYSIA**

# Agenda

- **Industry Review, Market Share and Volumes**
- **BATM Review**
- **Quarter 4, 2012 Results**
- **Other Highlights**
- **Future Prospects**

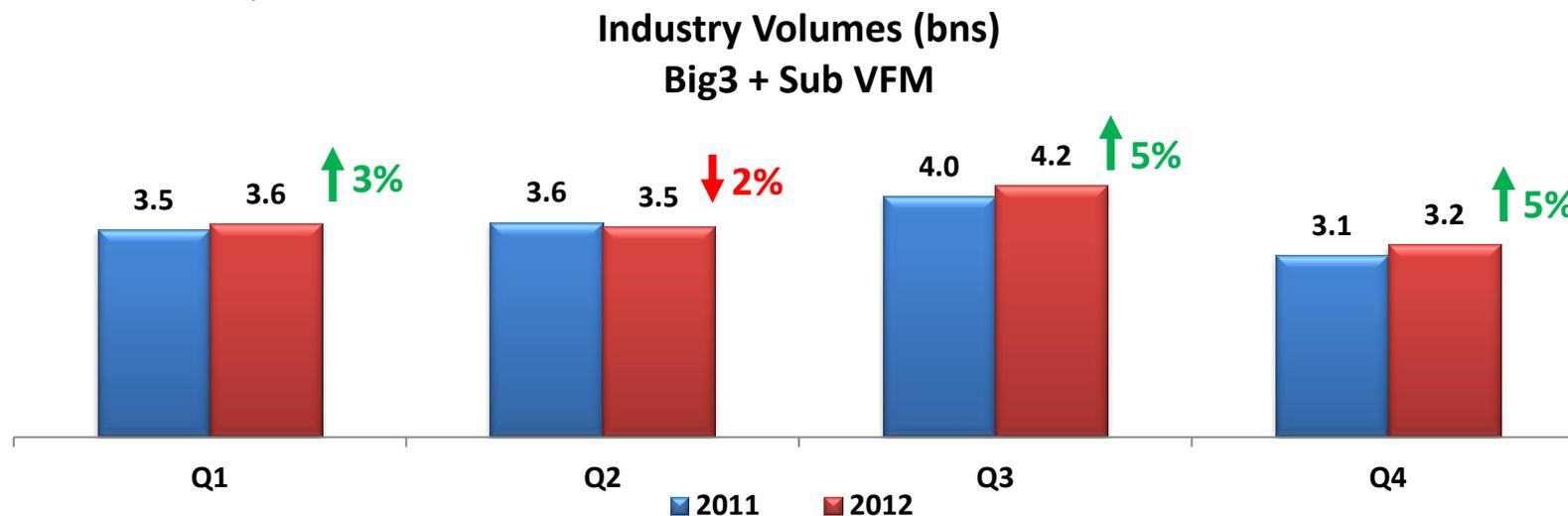


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# **INDUSTRY REVIEW, MARKET SHARE, VOLUMES AND BATM REVIEW**

# Industry Volume: Marginal increase in 2012 vs. SPLY

Source: Industry Exchange, Invoice volumes  
Note: Sub-VFM volumes extrapolated from Retail Audit

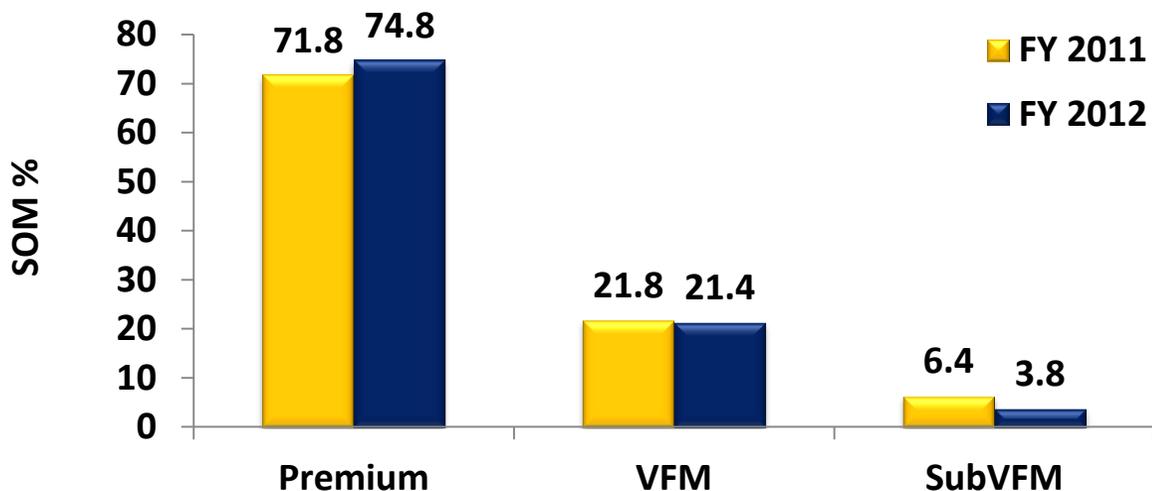


			Volume Variance	% Variance			Volume Variance	% Variance
	Q4 2011	Q4 2012	Q4 2012 vs. SPLY	Q4 2012 vs. SPLY	FY 2011	FY 2012	2012 vs. 2011	2012 vs. 2011
BATM	2.04	2.10	0.06	2.9%	8.63	8.65	0.02	0.2%
Total Industry (CMTM)	2.90	3.13	0.23	7.9%	13.25	14.00	0.75	5.7%
Sub VFM (estimate)	0.15	0.10	-0.05	-33.3%	0.92	0.56	-0.36	-39.1%
Total Big3 + Sub VFM	3.05	3.23	0.18	5.9%	14.17	14.56	0.39	2.8%

- Industry (CMTM) improved +5.7% compared to SPLY at the expense of Sub VFM which declined by -39.1% compared to SPLY

# Premium segment further grew arriving at 74.8% SOM

Source: Dec 2012 Malaysia Retail Audit (Base: White Only)

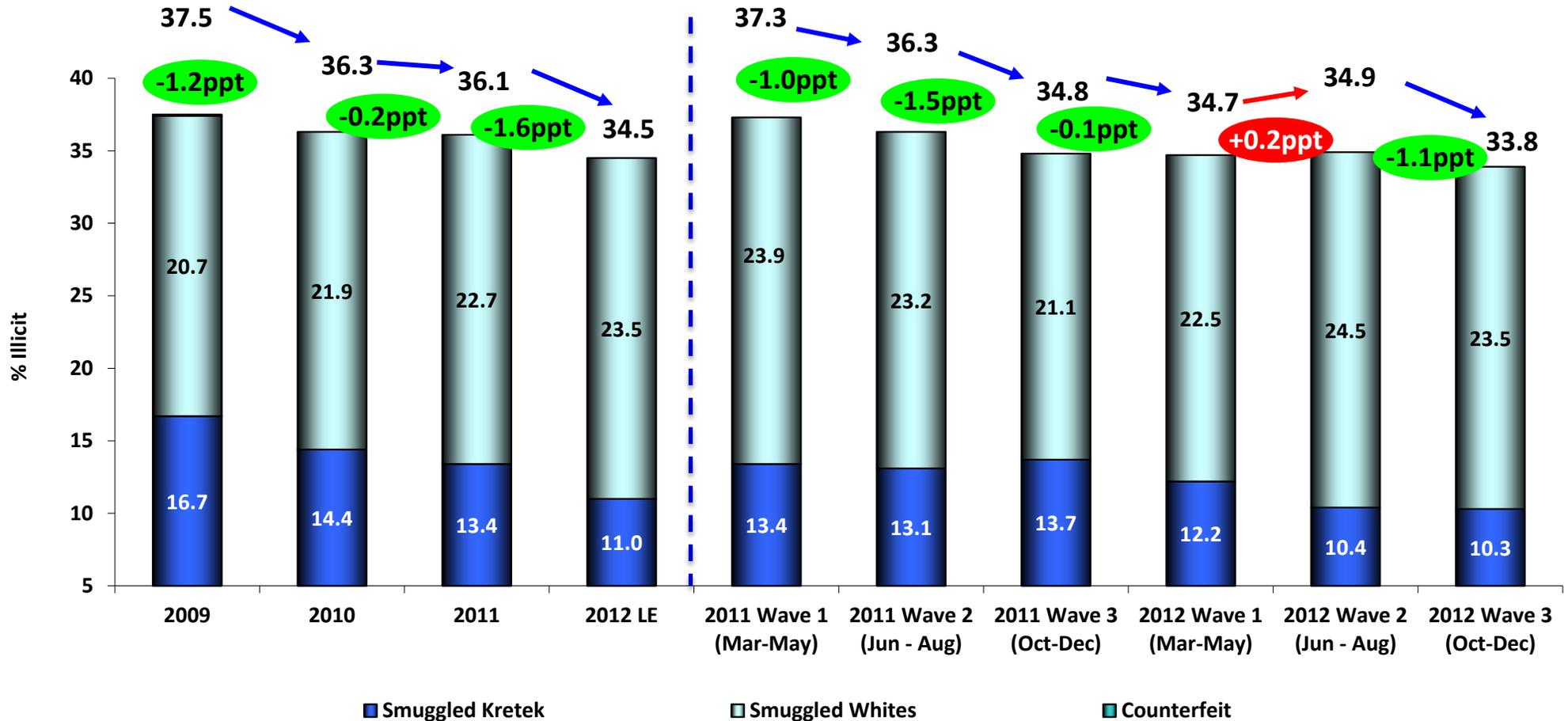


	<u>2012</u>	
	<u>YTD Q3</u>	<u>YTD Q4</u>
Share of Premium	72.0	72.0
Share of Value for Money	41.0	40.9
Share of Sub-VFM	0	0

	<u>2011</u>	
	<u>YTD Q3</u>	<u>YTD Q4</u>
Share of Premium	72.0	72.0
Share of Value for Money	42.9	42.6
Share of Sub-VFM	0	0

# Reasonable price increase & strong enforcement by authorities have resulted in decline in Illicit Trade in 2012

Source: Illicit Cigarette Study, 2008 - 2012



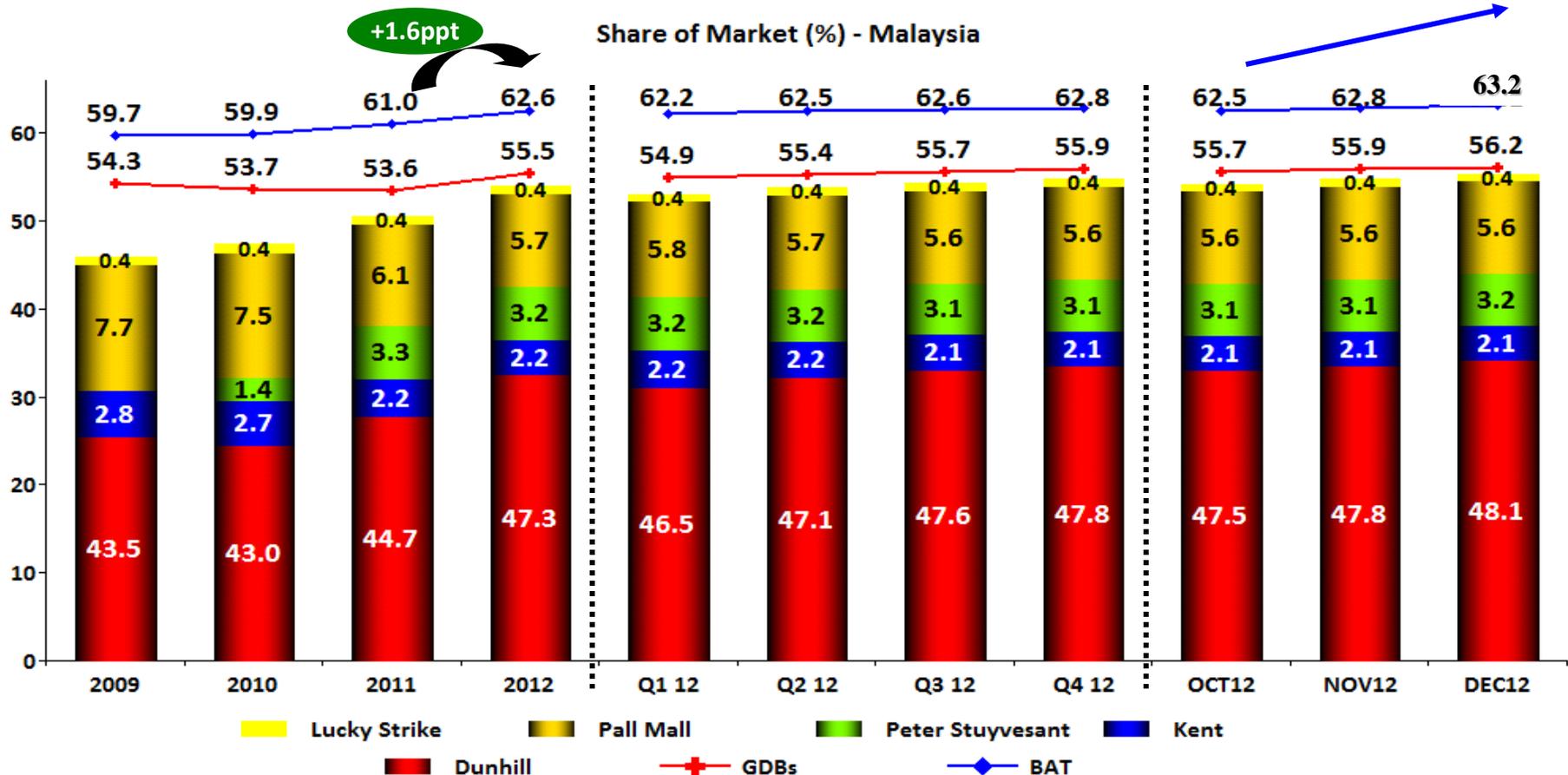
\*Survey methodology does not capture sub-VFM brands selling at below minimum price.

**Illicit incidence declined 1.6ppt in 2012, to land at 34.5%**

# BAT: Continued acceleration of corporate share growth for the 3rd consecutive year!



Source: FY 2012 Malaysia Retail Audit (Base: White Only)



3<sup>rd</sup> Year of Share Growth, Driven by Dunhill

# Dunhill: exited 2012 with an impressive 48.1% SOM in Dec

Source: FY 2012 Malaysia Retail Audit (Base: White Only)

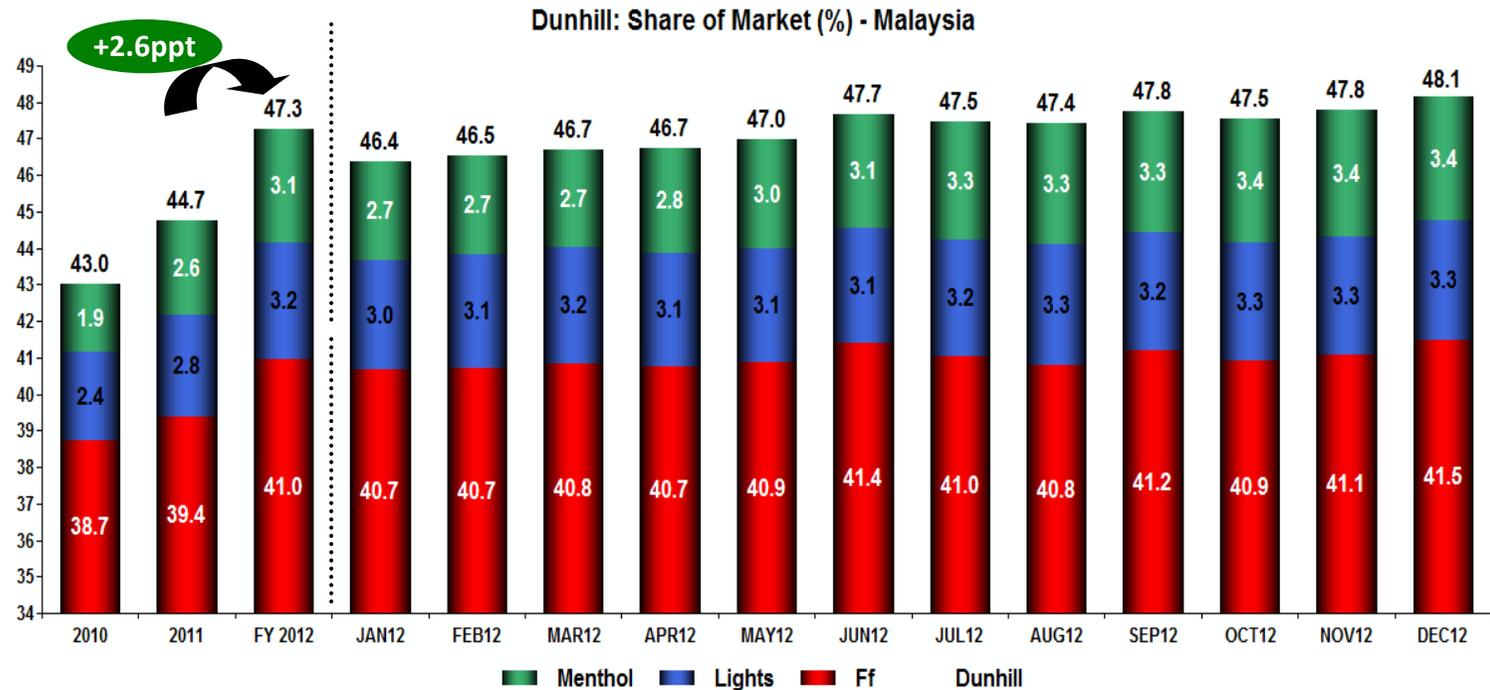


**April 2012**  
**Dunhill**  
 Switch: new & improved pack

**April 2012**  
 Year-long equity building campaign

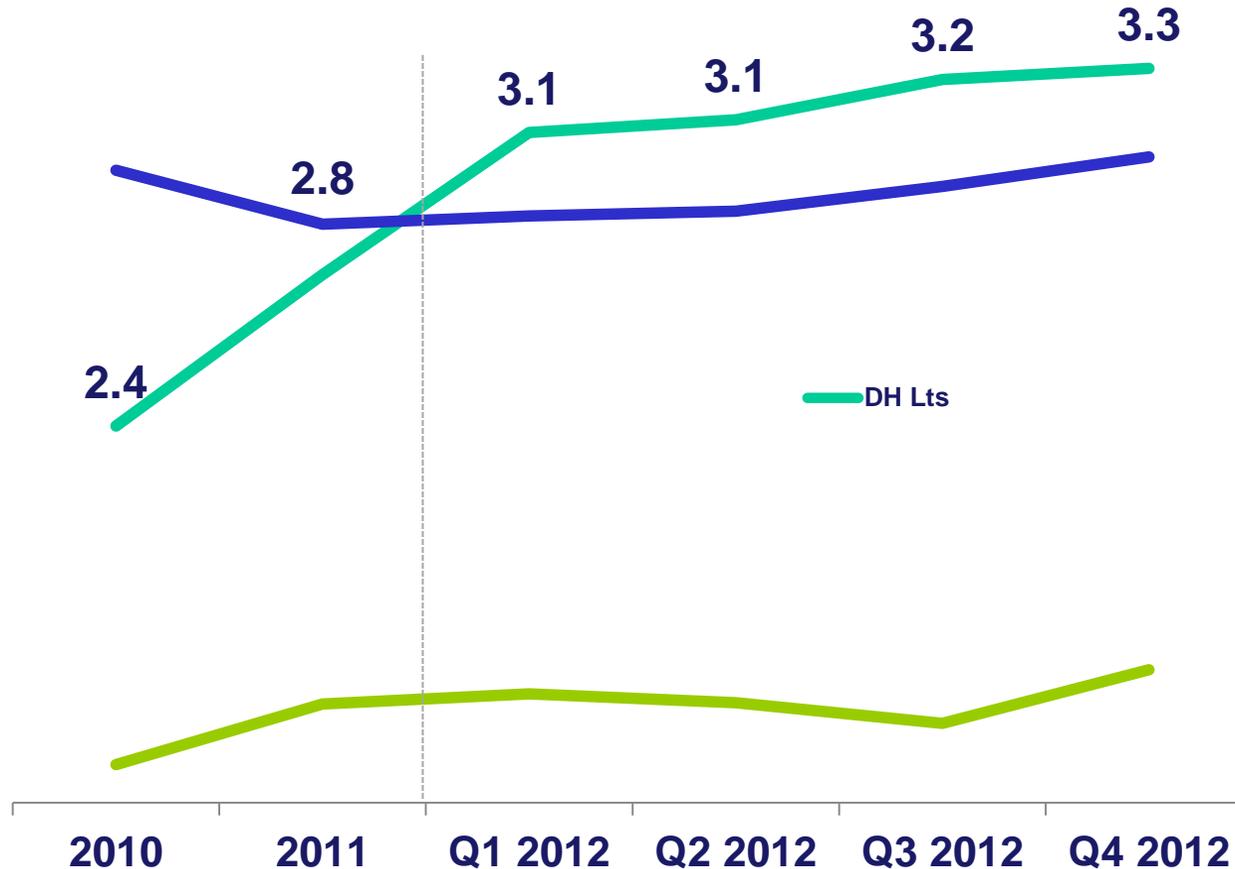
**Q4 2012**  
 New RELOC Seal Design

**Q4 2012**  
 Dunhill Switch  
 Reinforcement  
 campaign



# DH Lights continue to lead in Premium Lights

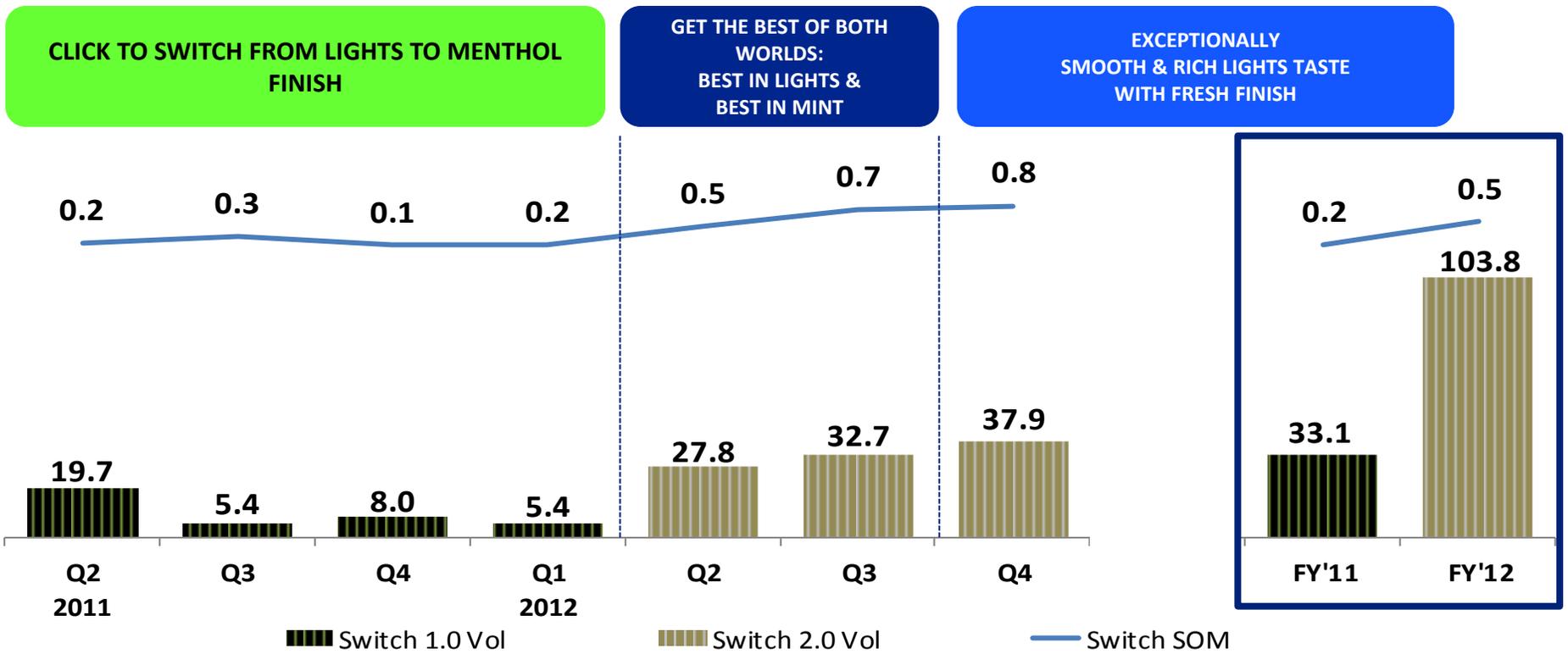
Source: FY 2012 Malaysia Retail Audit (Base: White Only)



**Dunhill Lights registered 3.2% SOM in 2012, +0.4ppt vs. 2011**

Produk ini mengandungi lebih 4,000 bahan kimia termasuk tar, nikotina dan karbon monoksida yang membahayakan kesihatan.

# Successful DH Switch re-launch, with quarterly gains. Registered 0.5% SOM in 2012



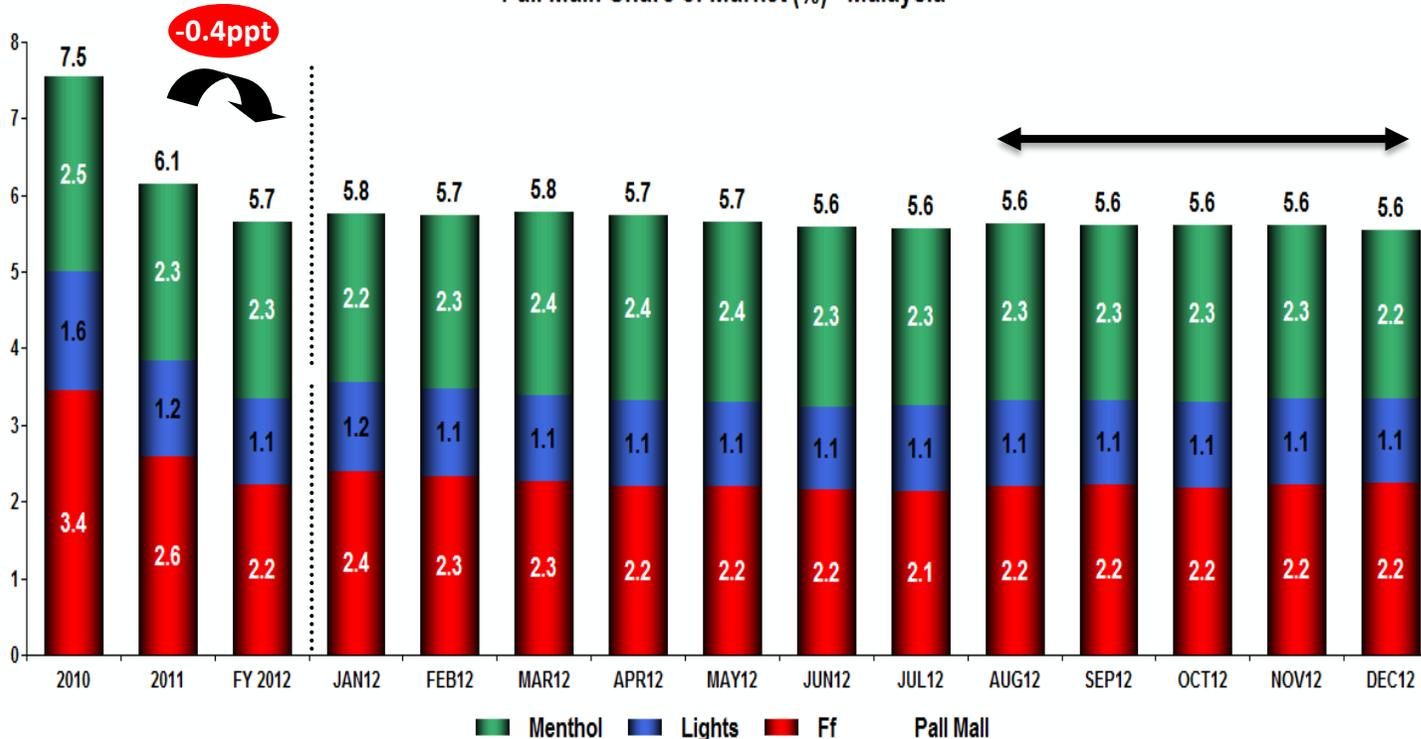
Produk ini mengandungi lebih 4,000 bahan kimia termasuk tar, nikotina dan karbon monoksida yang membahayakan kesihatan.

# Pall Mall stabilized at 5.6% SOM in Q4 2012

Source: FY 2012 Malaysia Retail Audit (Base: White Only)



Pall Mall: Share of Market (%) - Malaysia



**Feb 2012:**  
Launch of Pall Mall Mint

**Jul 2012:**  
Pall Mall Core Range Re-launch

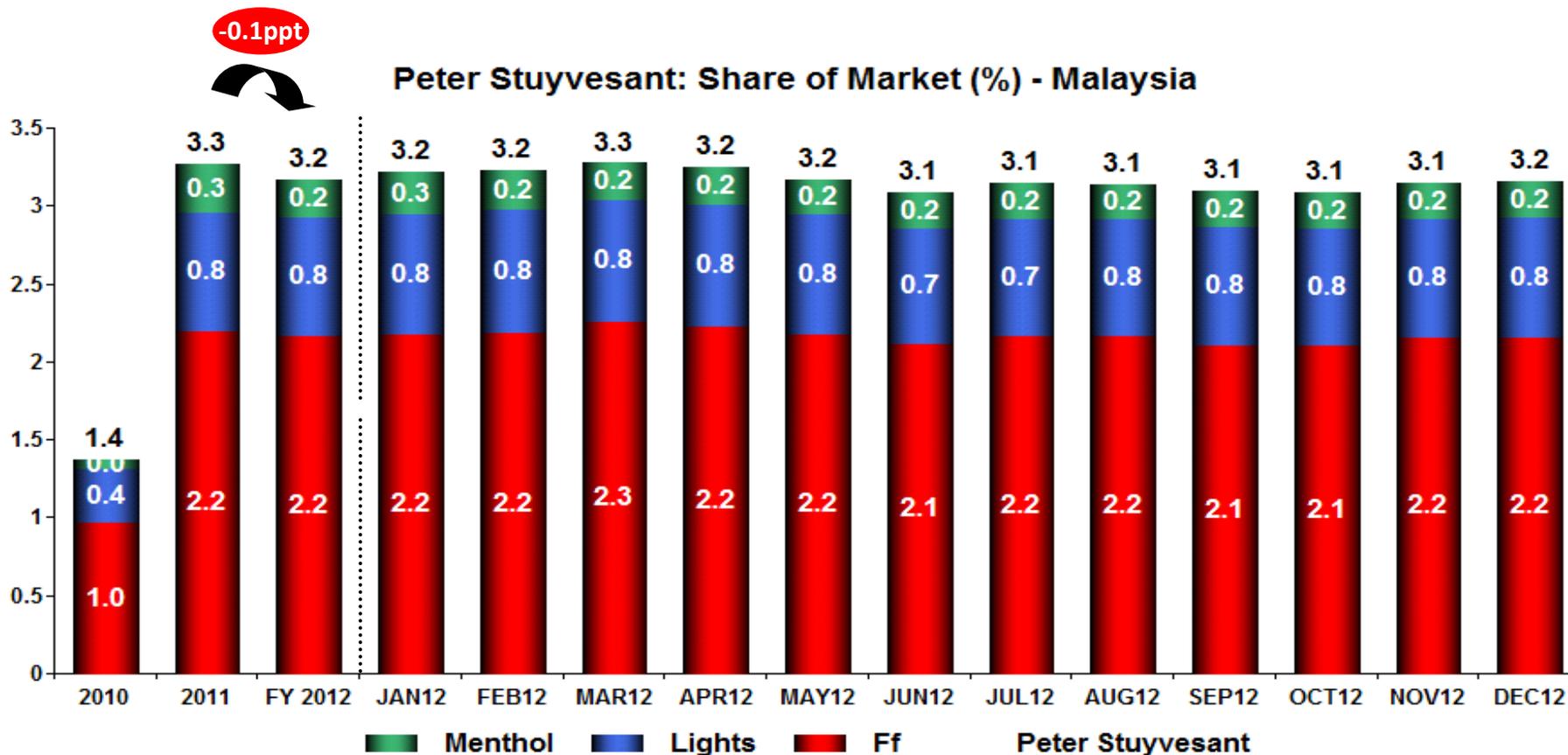
**Sep 2012:**  
Pall Mall Original Taste Pack Upgrade

## Decline halted post re-launch in July

Produk ini mengandungi lebih 4,000 bahan kimia termasuk tar, nikotina dan karbon monoksida yang membahayakan kesihatan.

# Peter Stuyvesant resilient at 3.2% SOM

Source: FY 2012 Malaysia Retail Audit (Base: White Only)



Produk ini mengandungi lebih 4,000 bahan kimia termasuk tar, nikotina dan karbon monoksida yang membahayakan kesihatan.

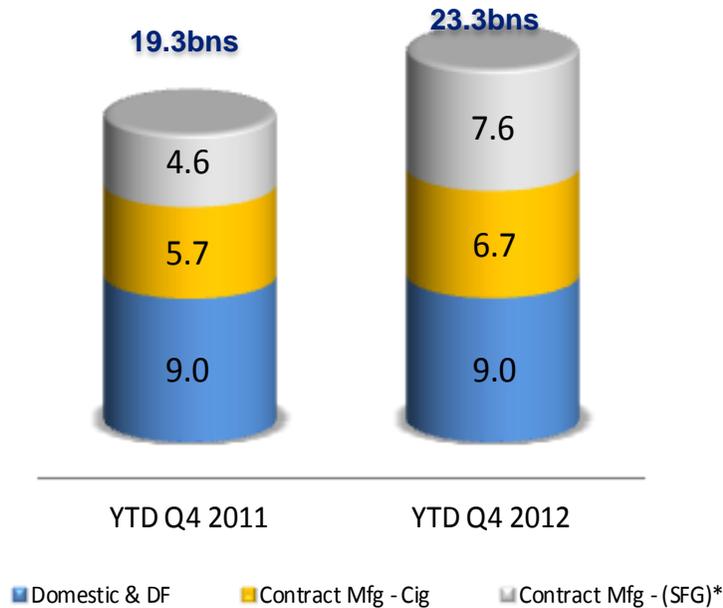


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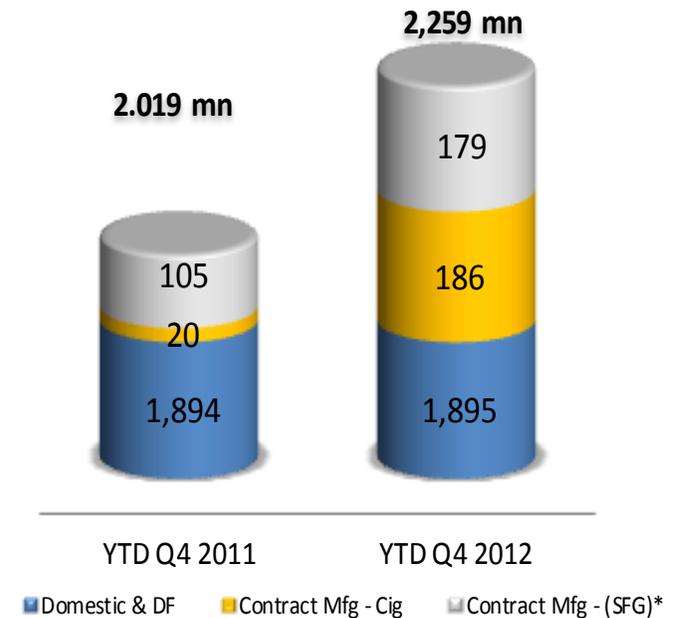
# FINANCIAL HIGHLIGHTS

# Volume / NTO - Mix

## Volume (bns) +21%



## Net Turnover (RM'mn) +16%

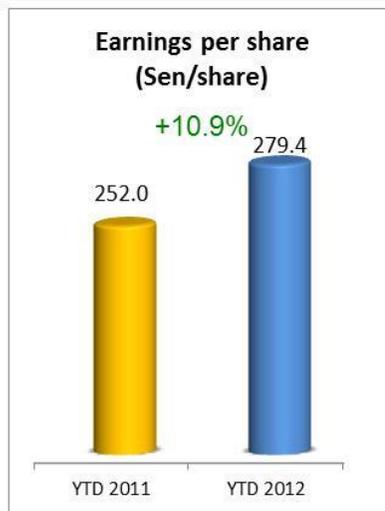
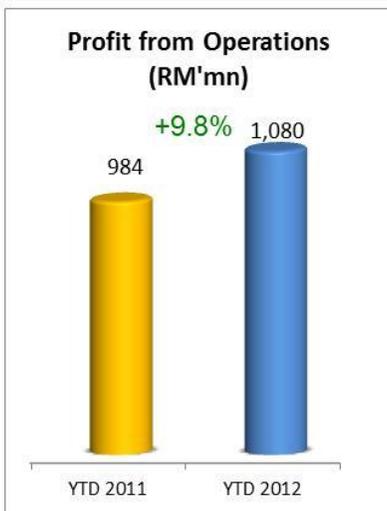
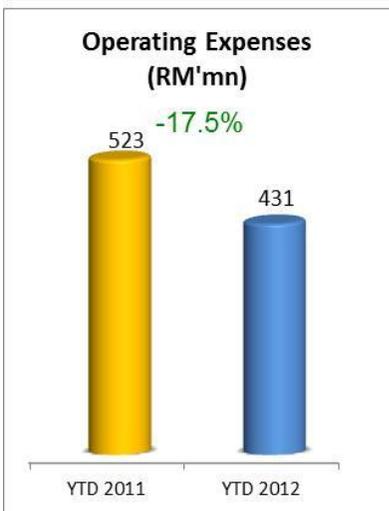
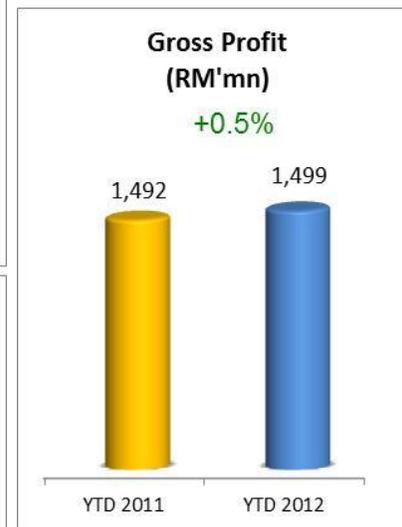
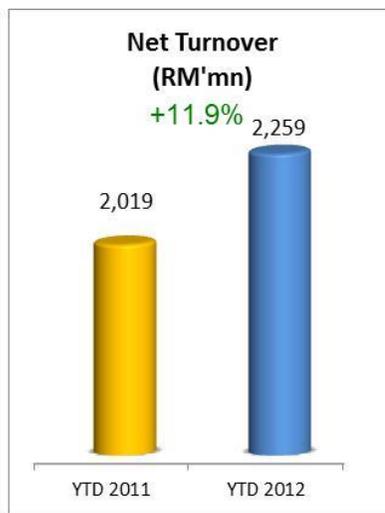
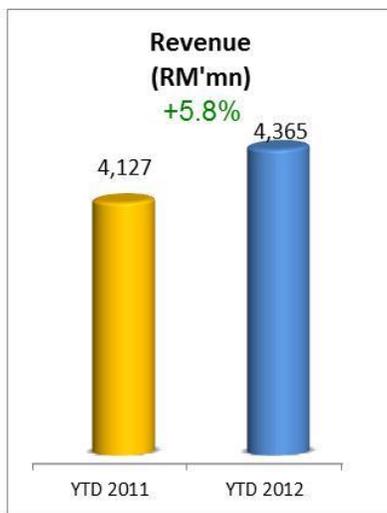
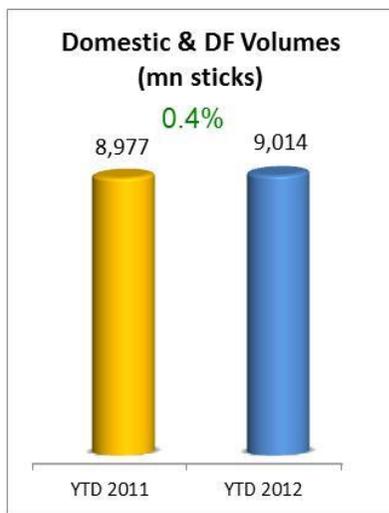


**Higher 2012 contract manufacturing volume due to new markets (Philippines, Cambodia) and higher SFG volume from Australia**

# Full Year 2012 v's SPLY 2011



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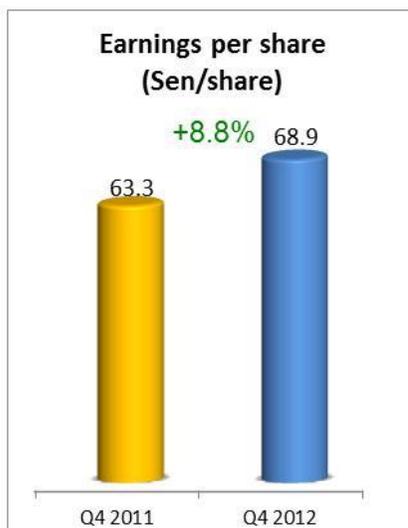
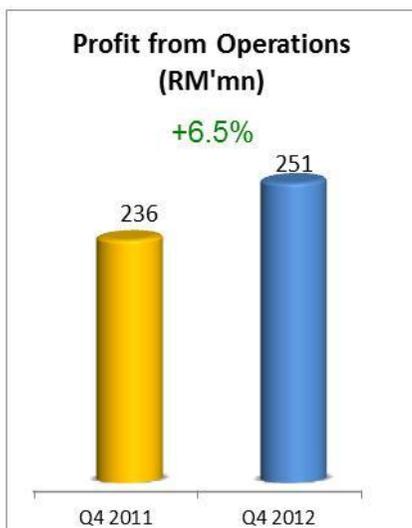
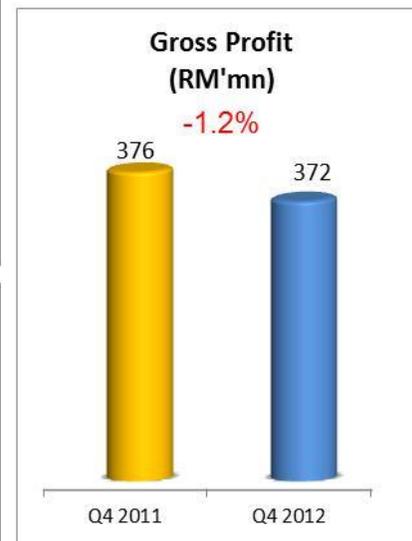
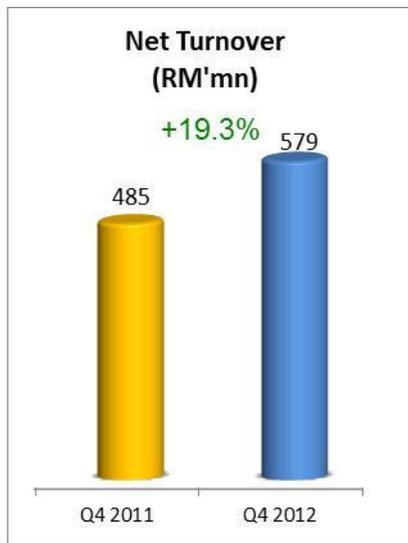
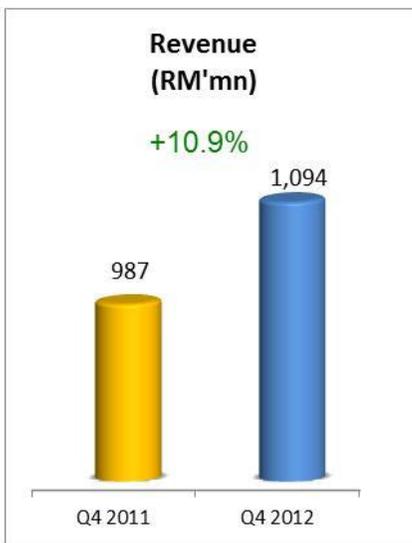
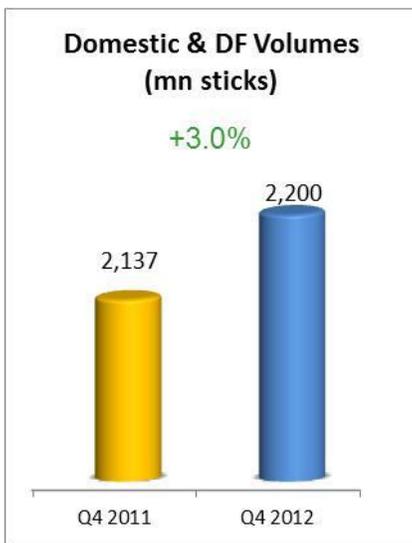


**Marginal increase in volume.**

**Higher revenue from contract manufacturing.**

**Lower operating expenses result in higher Profit from Operations & EPS**

# Quarter 4, 2012 v's Quarter 4, 2011

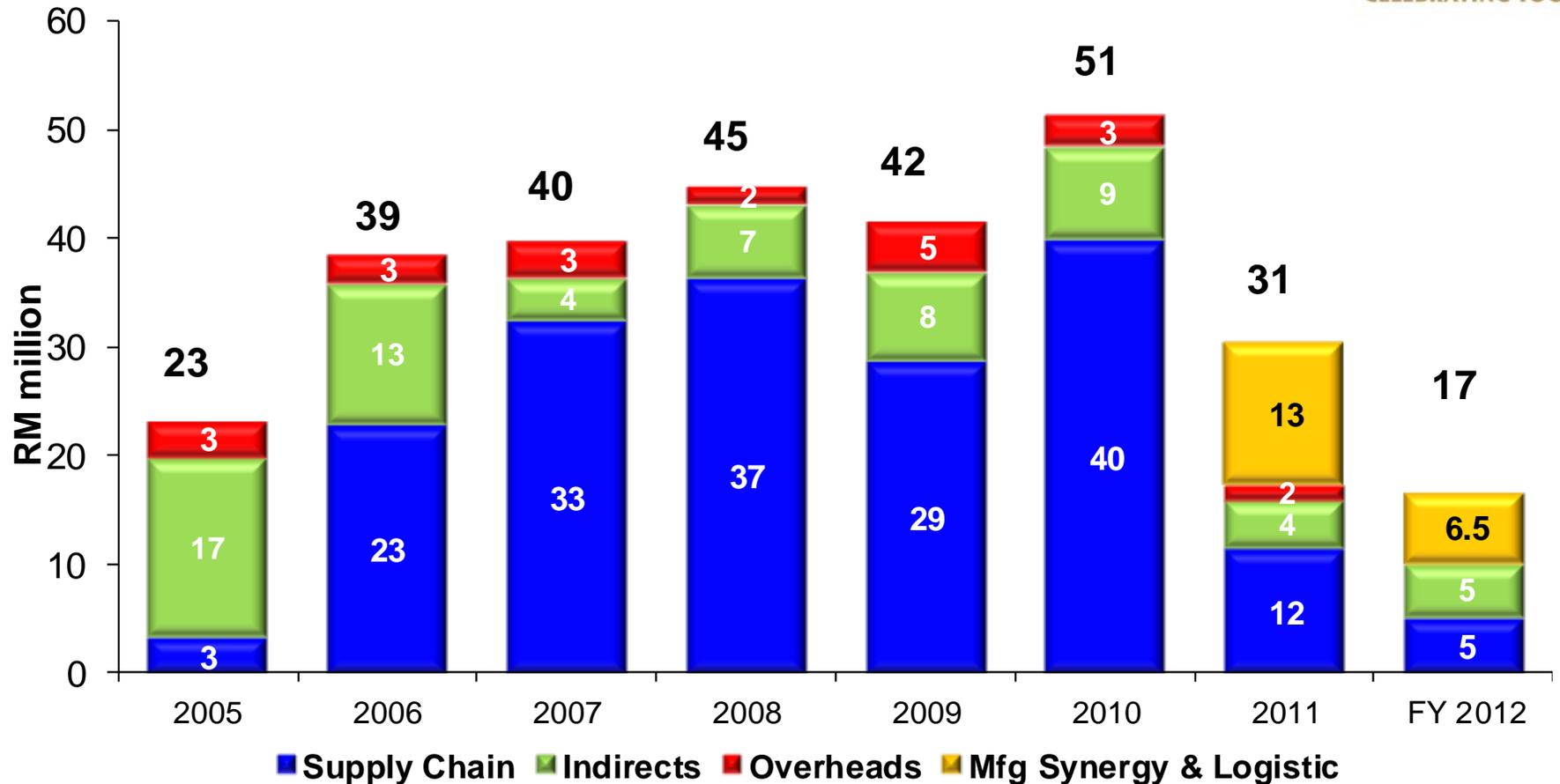


**Volume increase - lower excise speculation in 2012.**

**Revenue Increase - contract manufacturing, margin & volume.**

**Lower Gross Profit - timing of export volume & higher freight costs**

# Productivity Savings



**Significantly Lower Productivity Savings**

# Q4 Dividends

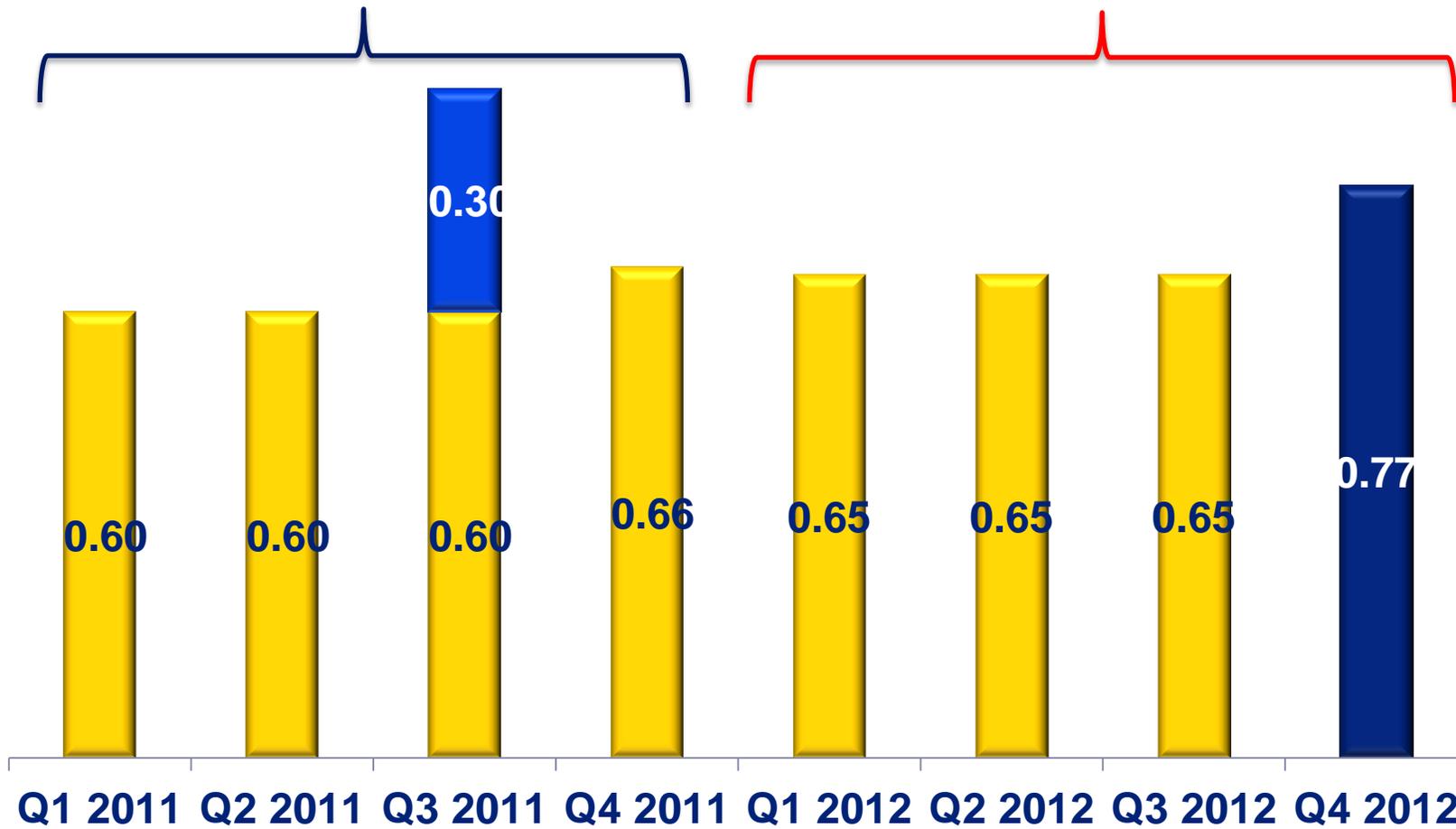


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2011: 97.6% Payout (110% inc. Special)

2012: 97.4% Payout



Dividends for Q4 2012 at 77 cents per share



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# OTHER HIGHLIGHTS

# Recent CR Highlights

## BATM Foundation Scholarship Awards Ceremony

A total of 19 aspiring students awarded with scholarships for the full duration of their courses, amounting to **RM224,000**.



# External Recognition

## FinanceAsia Best Managed Companies Poll 2012

- Most Committed to a Strong Dividend Policy (1<sup>st</sup> place)
- Best Corporate Governance (5<sup>th</sup> place)
- Best Managed Company (6<sup>th</sup> place)



## The Edge Billion Ringgit Club (BRC) 2012 Corporate Awards

- Most profitable Company (Consumer Products Sector)
- Most profitable Company (Big Cap Category)



# External Recognition (cont'd)

## National Annual Corporate Report Awards (NACRA) 2012

- Industry Excellence Award  
(Consumer Products Category)
- Silver Award  
(Best Designed Annual Report)





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# FUTURE PROSPECTS

## Future Prospects



- Group seeks to continue its recent strong share momentum.
- Encouraged by increased enforcement activities leading to a gradual reduction in illicit trade. However, illicit trade and continuous illegal pricing below total taxes and Minimum Price by certain local brands continue to be of concern
- Group is relatively optimistic on 2013 outlook barring any ad-hoc high excise announcement in the near future and given the strength of our portfolio and our recent positive market share performance.



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**Thank You**